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June 22, 2007

Jeff Wells, M.D. Director of Medicaid and Health Policy State of Indiana Office of Medicaid Policy and Planning 402 W. Washington Street Indianapolis, IN 46204

RE: HEALTHY INDIANA CHECK-UP PROGRAM - HIGH RISK CONDITION **REFERRALS**

Dear Dr. Wells:

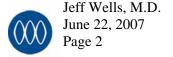
Milliman, Inc. (Milliman) has been retained by the State of Indiana, Office of Medicaid Policy and Planning (OMPP) to provide actuarial services related to the Healthy Indiana Check-Up Program (Healthy Indiana). This letter contains the listing of high risk conditions that will be referred to the High Risk Plan.

LIMITATIONS

The information contained in this letter has been prepared for the State of Indiana, Office of Medicaid Policy and Planning and its consultants and advisors. It is our understanding that the information contained in this letter may be utilized in a public document. To the extent that the information contained in this letter is provided to third parties, the letter should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the data presented.

Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this letter prepared for OMPP by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this letter must rely upon their own experts in drawing conclusions about the information presented in this document.

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SUMMARY OF RESULTS

The State has issued a Request For Services (RFS) to solicit proposals from health plans to provide the insurance coverage on a full risk basis for the newly developed Healthy Indiana program. Milliman developed the capitation rates effective January 1, 2008 for the Healthy Indiana program which included an adjustment to recognize the reduction in claims costs associated with the referral of specific disease states to a high risk pool program. The individuals will be identified through a Health Risk Assessment (HRA) at the time of application and other trigger points as determined by the State.

Enclosure 1 contains the specific listing of diseases that will be referred to the high risk pool program. The diseases are classified into the following five primary categories:

- Cancer;
- Organ and Tissue Transplants;
- AIDS:
- Aplastic Anemia; and,
- Hemophilia.

As stated in Milliman's premium rate documentation letter dated May 29, 2007, it is estimated that the highest risk 1% of individual applicants would be referred to the high risk pool program reducing the claim cost of the remaining risk pool by approximately 9.3%.



Please contact me if you have any questions regarding the information contained in this letter. I can be reached at (317) 639-1000, ext. 3512.

Sincerely,

Robert M. Damler, FSA, MAAA Principal and Consulting Actuary

RMD/mle **Enclosures**

cc: Ms. Seema Verma



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ENCLOSURE 1

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Healthy Indiana Check-Up Program

Listing of High Risk Conditions Subject to High Risk Plan Referral

Cancers ¹		
Bone	Leukemia	
Brain and Nervous System	Liver	
Breast	Lung	
Cervix/Uterus	Multiple Myeloma	
Colon/Rectum	Nasal Sinus	
Corpus Uterus	Oral Cavity, Pharynx	
Esophagus	Ovary	
Eye	Pancreas	
Gall Bladder	Peritoneum	
Hodgkin's Lymphoma	Prostate	
Non-Hodgkin's Lymphoma	Sarcoma	
Kidney, Renal Pelvis	Stomach	
Larynx	Thyroid Gland	

Cancers considered "distant" (spread to parts of the body remote from the primary tumor) are also considered a referable disease state whether or not present on this list.

AIDS		
Acquired Immune Deficiency Syndrome	Human Immunodeficiency Virus	

Organ and Tissue Transplants		
Liver	Lung	
Heart	Kidney	
Bone Marrow		

Aplastic Anemia			
Aplastic Anemia – All Types			

Coagulation Defects/Hemophilia		
Hemophilia – Types A/B	Congenital Factor VIII Disorder	
Christmas Disease	Congenital Factor IV Disorder	